

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: HB 617 HLS 10RS 194

Bill Text Version: REENGROSSED

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Table with 2 rows and 2 columns. Row 1: Date: May 10, 2010 5:58 PM, Author: LABRUZZO. Row 2: Dept./Agy.: Social Services, Analyst: Patrice Thomas. Subject: Drug testing for 20% of adult recipients of public assistance.

WELFARE RE +\$21,743 GF EX See Note Page 1 of 2
Requires at least fifty percent of recipients of cash assistance to be drug tested prior to receiving benefits

Present law provides for the Department of Social Services (DSS) to institute a mandatory drug testing program for certain adult recipients of public assistance. Proposed law amends present law to require drug testing of 20% of adult recipients, with a priority on pregnant women, in the Family Independence Temporary Assistance Program (FITAP). Proposed law requires DSS to use a private contractor that is qualified to provide the drug testing services. Proposed law provides that the private contractor have the ability to conduct drug testing in accordance with acceptable scientific laboratory standards while maintaining appropriate laboratory accreditation and the technical competence to conduct initial drug screens of a large number of people and to conduct a more comprehensive and accurate drug test of any adult participant whose initial drug screen shows the presence of illegal drugs.

Table with 7 columns: EXPENDITURES, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total for both EXPENDITURES and REVENUES.

EXPENDITURE EXPLANATION

The requirements of this legislation are estimated to increase total State General Fund expenditures by \$21,743 for FY 11. Federal Funds expenditures are estimated to increase by \$73,656 due to a decrease in FITAP benefits terminated because of refusal of treatment. This occurs primarily because fewer recipients are tested which decreases the number of recipients who refuse treatment. Drug Testing - This bill requires that DSS test 20% of adult FITAP participants, with a priority on pregnant women. DSS has indicated that there were 6,481 adult FITAP participants in FY 2009. Therefore, this bill requires that 1,296 (6,481 X 20%) adult FITAP participants are tested. This bill requires that DSS contract with a private provider to perform an initial drug screen test, and a comprehensive drug screen test for those individuals whose initial drug screen shows the presence of illegal drugs. Based on the most cost effective method, a 6 panel oral fluid (saliva) device, the initial drug screen test would cost \$5.50 and the comprehensive drug test performed by SECON, a private company that completes drug testing for state employees, would cost \$25. Based on FY 09 FITAP participants, the cost for the initial drug screen test would be \$7,128 (1,296 X \$5.50). Only those individuals testing positive would be required to take the comprehensive test. DSS estimates 15% or 194 participants who take the first test will fail (1,296 X 15%). The cost of the comprehensive drug screen test would be \$4,850 (194 X \$25). This will result in a total drug testing cost of \$11,978 SGF. The drug cost in subsequent fiscal years is anticipated to remain constant because the participants will be tested annually. Continue on Page 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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[] 13.5.1 >= \$100,000 Annual Fiscal Cost [] 6.8(F) >= \$100,000 Annual SGF Cost
[] 13.5.2 >= \$500,000 Annual Tax or Fee Change [] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease
Robert E. Hosse
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LFO Staff Director



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CONTINUED EXPLANATION from page one:

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Substance Abuse Treatment

Present law, R.S. 46:460.10 requires DSS and the Department of Health and Hospitals to provide a program of education and rehabilitation for participants identified as illegal drug users as verified by positive test results. The cost to treat these participants would depend on the level of care needed and the number of people who actually complete the program. According to Office for Addictive Disorders (OAD) 13.1%, based on a national research by the federal Substance Abuse and Mental Health Services Administration, or 170 of 20% of total FY 09 FITAP participants (1,296 X 13.1%) would require substance abuse treatment of which 52.4% or 89 (170 X 52.4%) will likely comply with a treatment plan. There are four levels of care: Detox (\$55 per diem for 7 days); Inpatient (\$90 per diem for 25 days); Outpatient (\$2,880 for 1 year); and Intensive Outpatient (\$2,160 for 46 weeks). OAD has indicated that based on historical information that 3% of the individuals that will comply will need Detox care, 9% will need Inpatient care, 47% will need outpatient care, and 41% will need Intensive Outpatient care. Based on this information, the total cost to treat the 52.4% participants who comply (less 84 who currently receive treatment) is \$12,330 as calculated below:

Level of Care	Number of Participants	Total Treatment Cost
Detox	5 X 3% = 0	0 X \$55 X 7 = \$0
Inpatient	5 X 9% = 1	1 X \$90 X 25 = \$2,250
Outpatient	5 X 47% = 2	2 X \$2,880 = \$5,760
Outpatient Intensive	5 X 41% = 2	2 X \$2,160 = \$4,320
Total Treatment Costs = \$0 + \$2,250 + \$5,760 + \$4,320 = \$12,330		

The total treatment cost includes participants that will totally complete the treatment plan and those that will not complete the plan. The costs allocated to non-completers are calculated as follows:

Level of Care	% of Non-Completers	No. of Non-Completers	Total Cost for Non-Completers
Detox	15%	0 X 15% = 0	0 X \$55 X 7 = \$0
Inpatient	15%	1 X 15% = 0	0 X \$90 X 25 = \$0
Outpatient	43%	2 X 43% = 1	1 X \$2,880 = \$2,880
Outpatient Intensive	35%	2 X 35% = 1	1 X \$2,160 = \$2,160
Total Treatment Costs for Non-completers = \$0 + \$0 + \$2,880 + \$2,160 = \$5,130			

Based on the assumption that only 50% of the cost will be paid for the participants who fail to complete the treatment plan, the costs would be reduced as follows: 50% of Total Cost for Non-completers = \$5,130 X 50% = \$2,565

FINAL TOTAL TREATMENT COSTS = \$12,330 - \$2,565 = \$9,765 SGF

In subsequent fiscal years, the Legislative Fiscal Office assumes that at least 25% of the individuals who initially complied with treatment will continue to need treatment. Based on this assumption, the minimum treatment cost in subsequent fiscal years will be \$3,083 (\$12,330 x 25%) for these individuals. Subsequent fiscal years do not include the treatment cost for those individuals who initially did not comply with treatment but accepted the treatment at a later time nor does it include the cost for any additional participants who are identified through subsequent drug testing.

SAVINGS

OAD has indicated that of the 170 participants requiring treatment, 47.6% or 81 (170 X 47.6%) participants will potentially not comply. Failure to comply with a drug treatment plan will result in the termination of cash assistance benefits for 6 months (R.S. 46:460.10 and LAC Title 67). The average monthly FITAP payment for an adult recipient is \$186 per month. Based on the assumption that 81 participants will not comply, the total annual savings realized would be \$90,396 as calculated below: \$186 X 6 months = \$1,116 X 81 = \$90,396 FED

Based on FY 2009 actual data, 147 individuals annually have cash assistance benefits terminated because of failure to comply with a drug treatment plan under current rules: \$186 X 6 months = \$1,116 X 147 = \$164,052 FED

TOTAL SAVINGS: \$90,396 - \$164,052 = (\$73,656) FED Increase

Subsequent future years do not reflect any changes due to the uncertainty of the number of participants that initially did not comply that may later comply with treatment and thus be eligible to receive the cash benefit under present law. Individuals that did not comply with treatment may reapply after 6 months. To the extent that these individuals continue to not comply, a savings will be realized in future fiscal years.

POSSIBLE ADDITIONAL SAVINGS

According to DSS, there are 416 pregnant recipients among current active and open FITAP cases. According to OAD, in FY 09, 9 of the 84 FITAP (11%) recipients that received treatment services were pregnant and the top three drugs of choice among pregnant women are (1) marijuana - 56%; (2) alcohol - 33%; (3) opiates and synthetics (heroin and pain pills) - 11%. According to the U.S. Department of Health and Human Services, 5.1% of pregnant women aged 15 to 44 years used illicit drugs in the past month. Based on the information above, if this percentage held true for subsequent years, 21 pregnant FITAP recipients (416 X 5.1%) have used illicit drugs; 12 pregnant FITAP recipients (21 X 56%) have used marijuana and 2 pregnant FITAP recipients (21 X 11%) have used opiates. According to 2007 Louisiana Medicaid data, the average cost of a full term birth was \$3,500 and the average cost of a pre-term birth was \$33,500. According to three state doctors, the full extent of the effects of prenatal drug exposure on a baby is not known, however studies show that various drugs of abuse may result in pre-term birth. The Legislative Fiscal Office cannot determine if the estimated 14 pregnancies by FITAP women that used marijuana and opiates will result in pre-term births.

Senate

Dual Referral Rules

House

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